

BEGIN - NOVEMBER 6, 1960

30.24-13389

A31

COMMUNIST BUDGET (720) 30.24

BY STANLEY JOHNSON

MOSCOW, NOV. 6 (AP)-LEADERS OF WORLD COMMUNISM ASSEMBLED TODAY IN THE LARGEST DISPLAY OF POLITICAL UNITY SEEN HERE IN YEARS. THEIR MEETING WAS KEYNOTED BY A DECLARATION THAT WAR CAN BE PREVENTED BECAUSE THE COMMUNIST WORLD IS STRONG ENOUGH TO KEEP THE PEACE.

FROL R. KOZLOV, A SECRETARY OF THE SOVIET COMMUNIST PARTY'S CENTRAL COMMITTEE, (CQ), KICKED OFF THE 43RD ANNIVERSARY CELEBRATIONS OF THE BOLSHEVIK REVOLUTION WITH A SPEECH TO AN AUDIENCE OF 15,000 IN THE LENIN SPORTS PALACE.

"WORLD WAR CAN BE EXCLUDED FROM THE LIFE OF HUMAN SOCIETY," HE SAID. "IMPERIALISM NOW IS UNABLE TO DICTATE AT WILL WHETHER THERE SHOULD BE WAR OR NOT. THE SOVIET UNION DOES NOT FEAR THE BELLIQUESE BLUSTER OF THE AGGRESSORS. STRENGTH NOW IS ON OUR SIDE."

SOVIET PREMIER KRUSHCHEV, CLOSELY FOLLOWED BY PRESIDENT LIU SHAO-CHI OF COMMUNIST CHINA, LED A PROCESSION OF MORE THAN 100 COMMUNIST LEADERS FROM ALL OVER THE WORLD TO A FLAG-DRAPEL PLATFORM XOR THE TRADITIONAL RALLY SIGNALING THE START OF THE CELEBRATIONS. TOMORROW THE RUSSIANS STAGE THEIR ANNUAL PARADE OF SOVIET MIGHT IN RED SQUARE.

CHINESE COMMUNIST CHAIRMAN MAO TZE-TUNG AND PREMIER CHOU EN-LAI WERE AT HOME IN PEIPING BUT SENT A MESSAGE HAILING THE "UNPRECEDENTED" POWER OF THE COMMUNIST CAMP AND THE LEADERSHIP OF THE SOVIET UNION IN "STRIVING FOR PEACEFUL COEXISTENCE BETWEEN COUNTRIES WITH DIFFERENT SOCIAL SYSTEMS."

ANOTHER ABSENTEE WAS ITALIAN COMMUNIST LEADER PALMIRI TOGLIATTI, PREOCCUPIED AT HOME WITH MUNICIPAL ELECTIONS.

STILL ANOTHER ABSENTEE WAS MARSHAL TITO, PRESIDENT OF YUGOSLAVIA AND SECRETARY-GENERAL OF ITS COMMUNIST PARTY. HE, TOO, SENT TO KRUSHCHEV "WARM CONGRATULATIONS AND SINCERE WISHES FOR FURTHER SUCCESSFUL PROGRESS."

BUT JUST ABOUT EVERY OTHER WELL-KNOWN COMMUNIST WAS THERE. THEY HEARD KOZLOV REPORT THERE NOW ARE 87 COMMUNIST PARTIES THROUGHOUT THE WORLD, BOASTING 36 MILLION MEMBERS. THEY ALSO HEARD HIM CLAIM THE SOVIET UNION SOON WOULD WIN ITS RACE FOR ECONOMIC SUPERIORITY OVER THE CAPITALIST WORLD--"THIS IS AS INEVITABLE AS THE COMING OF DAWN AFTER NIGHT."

IN AN ORDER OF THE DAY MARKING THE ANNIVERSARY, SOVIET DEFENSE MINISTER MARSHAL RODION MALINOVSKY ASSERTED RUSSIAN DEFENSE FORCES MUST REMAIN ON GUARD AGAINST EXTERNAL THREATS.

"IN THE PREVAILING INTERNATIONAL SITUATION, SOVIET SERVICEMEN MUST BE EXTREMELY VIGILANT AND READY TO ADMINISTER A WORTHY REBUFF TO AGGRESSORS," MALINOVSKY SAID.

THE APPEARANCE OF THE WORLD'S COMMUNIST LEADERS EN MASSE WAS THEIR FIRST MAJOR SHOW AIMED AT DEMONSTRATING THE UNITY OF THE SOVIET BLOC ON ALL MAJORQUESTIONS.

ON WEDNESDAY, AFTER THE THREE-DAY ANNIVERSARY HOLIDAY, COMMUNIST LEADERS WILL HOLD THEIR OWN SUMMIT MEETING. PRELIMINARY TALKS ALREADY ARE UNDER WAY, AS EVIDENCED BY A LIVELY CONVERSATION BETWEEN KRUSHCHEV AND POLISH COMMUNIST CHIEF WLADYSLAW GOMULKA THROUGHOUT KOZLOV'S 85-MINUTE SPEECH. THEY STOPPED ONLY TO APPLAUD.

ONE OF THE PRIME MOTIVES FOR THE COMMUNIST SUMMIT TALKS HAS BEEN ASSESSED BY WESTERN DIPLOMATS HERE AS AN INTENTION TO DISPLAY UNITY BETWEEN MOSCOW AND PEIPING ON THE POSSIBILITY OF PEACEFUL COEXISTENCE, INCLUDING THE TRIUMPH OF COMMUNISM WITHOUT WAR.

KOZLOV TOUCHED ON THIS DELICATE SUBJECT IN HIS SPEECH BUT NOT EXHAUSTIVELY. WESTERNERS FEEL A MORE FORMAL STATEMENT WILL COME LATER THIS WEEK AFTER THE MEETING.

(KRUSHCHEV HAS CONTENDED THAT COMMUNISM CAN WIN WITHOUT WAR; BUT PEIPING HAS REPLIED THAT A MORE AGGRESSIVE POSTURE MUST BE MAINTAINED TOWARD THE WEST BECAUSE, IN THE CHINESE VIEW, WAR WITH THE CAPITALIST WORLD IS INEVITABLE. DESPITE PUBLIC ATTEMPTS TO PLASTER OVER THIS BREACH, THE IDEOLOGICAL DISPUTE CONTINUES, POSSIBLY AS PART OF A STRUGGLE FOR DOMINANCE WITHIN THE COMMUNIST WORLD.)

ONE UNANNOUNCED ARRIVAL AT THE MEETING WAS PREMIER JOSEPH CYRANKIEWICZ OF POLAND. EQUALY IGNORED BY THE PRESS WAS THE ARRIVAL OF PREMIER OTTO GROTEWOHL OF EAST GERMANY. NEWSPAPERS MENTIONED ONLY EAST GERMAN PARTY CHIEF WALTER ULBRIGHT.

THE PRESENCE OF THE TWO GOVERNMENT LEADERS, AS CONTRASTED TO THEIR MORE POWERFUL PARTY CHIEFS, WAS TAKEN BY SOME HERE TO INDICATE PLANS FOR POLITICAL NEGOTIATIONS REQUIRING THEIR PRESENCE.

DIPLOMATS CONSIDER IT POSSIBLE SUCH NEGOTIATIONS MAY HAVE SOME BEARING ON THE COMMUNIST CAMPAIGN TO FORCE THE WEST OUT OF BERLIN AND SIGN A SEPARATE PEACE TREATY WITH EAST GERMANY. KOZLOV SAID IT IS "HIGH TIME TO START NEGOTIATIONS" ON THIS WITH THE WEST.

KOZLOV SENT THE CROWD INTO A REALLY SPIRITED OVATION ONLY ONCE, THAT CAME AFTER HE HAILED THE ADVANCE OF ASIAN, AFRICAN AND LATIN-AMERICAN COUNTRIES TO INDEPENDENCE AND SAID: "THE HEROIC PEOPLE OF CUBA ARE A GOOD EXAMPLE FOR THEM."

KOZLOV ALSO ASSAILED THE BRITISH AGREEMENT TO VROVIDE A BASE IN SCOTLAND FOR U.S. ATOMIC SUBMARINES ARMED WITH POLARIS MISSILES. HE SAID THE AGREEMENT CASTS DOUBT ON THE SINCERITY OF BRITISH PRIME MINISTER HAROLD MACMILLAN'S EXPRESSED DESIRE TO NEGOTIATE WITH THE SOVIET UNION.

"BRITISH POLICY GOES IN TWO DIRECTIONS AT ONCE," HE SAID. "THE BRITISH WANT TO USE NEGOTIATIONS AS A SHIELD FOR THEIR MILITARY PREPARATIONS. ALL THIS INCREASES WORLD TENSION AND AROUSES ANXIETY IN BRITISH PUBLIC OPINION."

KOZLOV DID NOT MENTION TUESDAY'S AMERICAN ELECTIONS BUT GOT IN A SLAP AT VICE PRESIDENT RICHARD M. NIXON. HE CRITICIZED THE REPUBLICAN PRESIDENTIAL CANDIDATE FOR SAYING THAT A COMPARISON OF SOVIET AND AMERICAN ECONOMIC GROWTH IS LIKE A COMPARISON BETWEEN A CHILD AND A MAN.

"NIXON IS A CHILD HIMSELF, WHO WHILE CATCHING BUTTERFLIES DOES NOT NOTICE THAT SOVIET CHILDREN GAVE GROWN UP AND ARE MAKING SUCH SUCCESSES AS SOME GROWNUPS CANNOT ACHIEVE," KOZLOV SAID.

MG2PES

S16

WITH MOSCOW (280)

1960

BERLIN, NOV. 6 (AP)-WESTERN INTELLIGENCE SOURCES HAVE REACHED THE ASTONISHING CONCLUSION THAT THE SOVIET COMMANDANT IN BERLIN HAD TO CANCEL A COCKTAIL PARTY CELEBRATING THE ANNIVERSARY OF THE BOLSHEVIK REVOLUTION BECAUSE THE EAST GERMAN COMMUNISTS THREATENED TO BOYCOTT IT. ALLIED OFFICIALS YESTERDAY RECEIVED THE USUAL INVITATION FROM MAJ.

GEN. NIKOLAI F. ZAKHAROV AND HIS WIFE INVITING THEM FOR COCKTAILS NEXT TUESDAY AT HIS HEADQUARTERS. A FEW HOURS LATER CAME AN ABRUPT NOTE SAYING THE PARTY HAD BEEN CALLED OFF. THERE WAS NO OFFICIAL EXPLANATION ACCORDING TO WESTERN SOURCES, ZAKHAROV GOT HIMSELF ENMESHED IN THE SOCIAL COMPLICATIONS OF THE BERLIN PROBLEM. A HIGHLY PLACED ALLIED OFFICIAL EXPLAINED IT THIS WAY:

"THE SOVIET COMMANDANT IN EAST BERLIN USUALLY THROWS A PARTY TO CELEBRATE THE REVOLUTIONARY ANNIVERSARY. HE INVITES THE THREE ALLIED COMMANDANTS AND THEIR STAFFS. LAST YEAR HE EXTENDED THE GUEST LIST TO INCLUDE FRIEDRICH EBERT, MAYOR OF EAST BERLIN AND OTHER COMMUNIST OFFICIALS. THE WEST DOES NOT RECOGNIZE THE EAST GERMAN REGIME. SO WE CUT THEM--WOULDN'T SPEAK TO THEM.

"EVIDENTLY EBERT AND HIS OFFICIALS WERE NOT PREPARED TO RISK ANOTHER SNUB--WHICH WAS INEVITABLE. SO WHEN THEY RECEIVED THEIR INVITATIONS THEY TOLD ZAKHAROV THEY WOULDN'T COME IF THERE ANY ALLIED GUESTS.

"AS THE ALLIED GUESTS WOULD BE IN THE MAJORITY, ZAKHAROV HAD TO CHOOSE BETWEEN HAVING THEM WITHOUT THE EAST GERMANS OR HAVING NO PARTY AT ALL.

"HE DECIDED TO CALL THE WHOLE THING OFF."

THE AFFAIR LEFT ALLIED OFFICIALS WONDERING WHETHER ZAKHAROV'S COMPLAISANCE TOWARD THE EAST GERMANS INDICATES NEW MOVES ARE FORTHCOMING IN THE COMMUNIST SQUEEZE ON WEST BERLIN.

BB457PES

A59

WITH MOSCOW COMMUNIST BUDGET (330)
TOKYO, NOV. 6 (AP)--FOREIGN MINISTER CHEN YI OF COMMUNIST CHINA SAID TODAY THE DANGER OF A NEW WORLD WAR STILL EXISTS AND URGED CONSTANT VIGILANCE AGAINST THE UNITED STATES AND THE WEST. CHEN YI'S STATEMENT CAME ONLY A FEW HOURS AFTER A SHARPLY CONTRASTING VIEW OF THE WORLD SITUATION WAS EXPRESSED IN MOSCOW BY FROL R. KOZLOV, SECRETARY OF THE SOVIET COMMUNIST PARTY CENTRAL COMMITTEE. "WORLD WAR CAN BE EXCLUDED FROM THE LIFE OF HUMAN SOCIETY," KOZLOV SAID.

BOTH STATEMENTS WERE MADE AT RALLIES CELEBRATING THE 43RD ANNIVERSARY OF THE BOLSHEVIK REVOLUTION. THE MOSCOW RALLY WAS BILLED AS A DISPLAY OF WORLD COMMUNIST UNITY. AT THE PEIPING RALLY CHEN YI HAILED "THE UNITY OF THE SOCIALIST CAMP HEADED BY THE SOVIET UNION." BUT CHEN YI'S SPEECH, PUBLISHED BY THE OFFICIAL NEW CHINA NEWS AGENCY, INDICATED THE IDEOLOGICAL UNITY OF THE COMMUNIST BLOC IS NOT AS FIRM AS OFFICIALLY PICTURED.

THE DISPUTE BETWEEN MOSCOW AND PEIPING INVOLVES SOVIET PREMIER KHRUSHCHEV'S PREDICTION THAT COMMUNISM CAN TRIUMPH WITHOUT WAR THROUGH PEACEFUL COEXISTENCE. PEIPING SAYS WAR IS INEVITABLE WITH THE CAPITALIST WORLD. BENEATH THIS DISPUTE MAY LIE A DEEPER STRUGGLE FOR POWER.

"IMPERIALISM, HEADED BY THE UNITED STATES," SAID CHEN YI, "IS FRANTICALLY ENGAGED IN ARMS EXPANSION AND WAR PREPARATIONS IN AN ALL-OUT ATTEMPT TO RETRIEVE ITSELF FROM ITS DETERIORATING MILITARY POSITION."

HE URGED A "PERSISTENT AND UNTIRING STRUGGLE AGAINST THE POLICIES OF AGGRESSION AND WAR OF THE IMPERIALISTS HEADED BY THE UNITED STATES." ALSO PRESENT AT THE RALLY, THE NEWS AGENCY SAID, WERE PREMIER CHOU EN-LAI, PARLIAMENT CHAIRMAN CHU TEH AND STEPHAN CHERVONENKO, SOVIET AMBASSADOR TO PEIPING.

EARLIER, CHOU, CHINESE COMMUNIST CHAIRMAN MAO TZE-TUNG, CHU TEH AND LIU SHAO-CHI, CHINESE PRESIDENT AND DELEGATE TO THE MOSCOW ANNIVERSARY CELEBRATIONS, JOINED IN SENDING THE SOVIET UNION A GREETING PROCLAMING THE UNPRECEDENTED POWER OF THE COMMUNIST BLOC. "THE IMPERIALIST FORCES OF AGGRESSION HEADED BY THE UNITED STATES HAVE BECOME UNPRECEDENTEDLY ISOLATED," THE MESSAGE SAID.

IT PRAISED SOVIET LEADERSHIP FOR "STRIVING FOR PEACEFUL COEXISTENCE BETWEEN COUNTRIES WITH DIFFERENT SOCIAL SYSTEMS."

WH409PES

S13

(310)

LONDON, NOV. 6 (AP)--THE SUNDAY DISPATCH SAID TODAY CHANCELLOR KONRAD ADENAUER INTENDS TO ASK PRIME MINISTER HAROLD MACMILLAN TO SUPPLY NUCLEAR WEAPONS FOR THE WEST GERMAN ARMY.

IN A REPORT FROM BONN, CORRESPONDENT PETER STEWART SAID ADENAUER MADE THIS PLAIN AT A PRIVATE DINNER GIVEN FOR A NUMBER OF BRITONS AT SCHAUMBURG PALACE.

STEWART, WHO SAID HE ATTENDED THE DINNER, REPORTED ADENAUER "TALKED FREELY FOR THE FIRST TIME AT THE START OF A LIGHTNING CAMPAIGN TO WIN BRITAIN'S SUPPORT FOR GERMAN DREAMS--INSIDE ONE MONTH."

ACCORDING TO THE STORY, ADENAUER WILL APPROACH MACMILLAN AND ATTEMPT TO PERSUADE HIM:

1. "TO GIVE NUCLEAR WEAPONS--THOR ROCKETS--TO THE NEW
GERMANY ARMY.

2. "RISK TROUBLE IN THE COMMONWEALTH BY JOINING THE
COMMON MARKET WITHOUT MAINTAINING IMPERIAL PREFERENCE.

3. "GO TO THE BRINK OF A THIRD WORLD WAR OVER BERLIN AND
GERMANY'S LONGING FOR THE LOST TERRITORIES WHICH WERE ONCE IN PRUSSIA."

IN BONN, GOVERNMENT OFFICIALS SAID THE DISPATCH REPORT THAT
ADENAUER INTENDS TO ASK MACMILLAN TO SUPPLY NUCLEAR WEAPONS FOR THE
WEST GERMANY ARMY WAS "COMPLETE NONSENSE."

"THERE IS ABSOLUTELY NOTHING TO THIS REPORT," AN OFFICIAL SAID.
"IN FACT, IT ISN'T EVEN WORTH THAT MUCH COMMENT."

ADENAUER WAS QUOTED AS SAYING:

"OUTSIDE GERMANY--IN BRITAIN--YOU HAVE NO IDEA HOW HARD
AND DANGEROUS THE COLD WAR HAS BECOME.

"FEDERAL GERMANY IS THE ONE AIM OF THE RUSSIANS BECAUSE THEY
BELIEVE THAT IF GERMANY FALLS INTO THEIR HANDS SO WOULD THE REST OF
EUROPE."

STEWART WOUND UP HIS REPORT BY COMMENTING:

"BEHIND THESE QUIET WORDS WAS THE UNSPOKEN THREAT THAT GERMANY IS
PREPARED TO RISK A THIRD WORLD WAR OVER BERLIN."

THE MASS-CIRCULATION NEWSPAPER THE PEOPLE CLAIMED PREMIER KHRUSHCHEV
HAS MADE A SUDDEN DECISION "TO RUSH THROUGH A DEAL" WITH ADENAUER. IN
A FRONT - PAGE STORY ATTRIBUTED TO RUSSIAN EXPERTS IN THE WEST, THE
PEOPLE SAID:

"IT IS BELIEVED THAT KHRUSHCHEV IS ABOUT TO SAY TO DR.
ADENAUER 'IF YOU LEAVE NATO WE ARE PREPARED TO GIVE YOU
GERMAN UNITY.'"

BB436PES

30.24-13391

A20

(200)
LONDON, NOV. 6 (AP)--LORD BEAVERBROOK'S SUNDAY EXPRESS TODAY CALLED
HUMILIATING BRITAIN'S AGREEMENT TO PERMIT A BASE FOR AMERICAN NUCLEAR
SUBMARINES IN SCOTLAND. TWO OTHER NEWSPAPERS--THE SUNDAY TIMES AND
THE OBSERVER--TOOK THE OPPOSITE VIEW.

"IF WE ARE TO KEEP ANY VESTIGE OF NATIONAL PRIDE THE CABINET
MUST RENOUNCE THE AGREEMENT BEFORE A SINGLE SUBMARINE ARRIVES,"
THE CONSERVATIVE EXPRES SAID.

"BRITAIN'S LEADERS HAVE NOT ONLY CEDED THE BASE TO AMERICA.
THEY HAVE SURRENDERED ANY RIGHT TO ASK WHAT USE IT WILL BE PUT TO.
"THEY MAY NOT EVEN BE ALLOWED TO KNOW WHERE THE SUBMARINES . . .
WILL OPERATE."

A MISSION BY A U.S. POLARIS-ARMED SUBMARINE, THE EXPRESS SAID,
"COULD INVOLVE BRITAIN IN THE RESPONSIBILITY FOR WAR."

BUT THE SUNDAY TIMES AND THE OBSERVER SAID POLARIS WAS THE
BEST GUARANTEE THE WEST HAD OF KEEPING THE UNEASY PEACE WITH THE EAST.

THE OBSERVER SAID THAT IN RETURN FOR THE SCOTTISH BASE BRITAIN
COULD ASK TWO CONCESSIONS FROM THE AMERICANS:

"THE FIRST IS THAT AS SOON AS POSSIBLE THE EXISTING THOR AND
JUPITER ROCKET BASES IN THIS COUNTRY, WHICH ARE BOTH PROVOCATIVE AND
FATALLY VULNERABLE, SHOULD BE DISMANTLED. THE CASE FOR HAVING
THEM -- AND LATER PERHAPS FOR KEEPING AMERICAN BOMBER BASES IN
THIS COUNTRY -- WILL NO LONGER BE VALID WHEN POLARIS SUBMARINES
ARE AVAILABLE IN ANY NUMBER.

"SECONDLY, THE GOVERNMENT COULD REASONABLY INSIST THAT IT SHOULD
BE INFORMED AND CONSULTED ABOUT THE AREAS IN WHICH THESE SUBMARINES
ARE TO PATROL."

WH106PES

LIVERPOOL, ENGLAND, NOV. 6 (AP)--A BARRAGE OF BOOS AND HECKLING
GREETED LABORITE LEADER HUGH GAITSKELL AGAIN TONIGHT AT A LOCAL
PARTY MEETING. 1960 A91

RED-FACED AND SHOUTING GAITSKELL VAINLY TRIED TO MAKE HIS
SPEECH HEARD ABOVE A CLAMOR OF PACIFIST DEMONSTRATORS YELLING FOR HIS
RESIGNATION AND A "BAN THE BOMB" POLICY. A SIMILAR UPROAR GREETERED
GAITSKELL AT A PARTY MEETING IN MANCHESTER LAST NIGHT.

THE HECKLERS DEMANDED THAT GAITSKELL ABIDE BY A DECISION OF THE
NATIONAL PARTY CONFERENCE LAST MONTH TO SEEK ABANDONMENT OF THE
WEST'S NUCLEAR ARMS. GAITSKELL HAS REFUSED AND LAST WEEK WAS
CONFIRMED AS PARTY LEADER BY LABORITE MEMBERS OF PARLIAMENT.

MOST OF THE 800 IN THE AUDIENCE TONIGHT APPEARED TO BE ON
HIS SIDE. GAITSKELL SUPPORTERS TRIED TO DROWN OUT THE HECKLERS BY

1960

SINGING "FOR HE'S A JOLLY GOOD FELLOW."

GAITSKELL WAS TRYING TO SAY THAT THE WEST WAS RIGHT TO ADHERE TO NUCLEAR STRATEGY AND THAT IF THE LABOR PARTY WENT IN TO A NATIONAL ELECTION ON A PACIFIST TICKET IT WOULD BE "MASSACRED AT THE POLLS."

WHEN THE DIN EVENTUALLY DIED DOWN, LOCAL PARTY OFFICIALS READ OUT A RESOLUTION SUPPORTING THE GAITSKELL LINE.

AF619PES

A132WX

ADVANCE FOR 6:30 P.M. EST SUNDAY, NOV. 6--NOTE DATE ATOMIC SPENDING (400)
BY FRANK CAREY

(ADVANCE) WASHINGTON, NOV. 6 (AP)--THE UNITED STATES INCREASED NUCLEAR WEAPONS SPENDING SLIGHTLY IN FISCAL 1960 TO MORE THAN HALF A BILLION DOLLARS BUT IT STILL WAS LESS THAN A FIFTH OF ALL ATOMIC EXPENSES.

THE ATOMIC ENERGY COMMISSION SAID TODAY THE \$505 MILLION SPENT ON "DEVELOPMENT AND FABRICATION OF WEAPONS, WEAPONS PARTS STORAGE, SURVEILLANCE AND DIRECTLY RELATED ACTIVITIES" WAS \$13 MILLION MORE THAN IN FISCAL 1959.

THE AEC DID NOT DISCLOSE WHETHER THIS INCREASE RESULTED FROM GREATER WEAPONS OUTPUT OR HIGHER PRODUCTION COSTS. BUT IT DID SAY THE COST OF PRODUCING URANIUM AND PLUTONIUM FOR WEAPONS AND OTHER PURPOSES CONTINUED TO DECREASE.

THE COMMISSION TOLD ABOUT IT IN ITS ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 1960. FOR ALL ITS ACTIVITIES, THE AEC SPENT \$2,619,143,000 IN 1960 COMPARED WITH \$2,496,648,000 IN 1959.

THE REPORT SHOWED THAT SINCE THE BEGINNING OF THE AMERICAN ATOMIC PROGRAM IN THE SECRECY OF WORLD WAR II, THE UNITED STATES HAS INVESTED MORE THAN \$23 BILLION IN THE MILITARY AND PEACEFUL DEVELOPMENT OF THE ATOM.

THE WEAPONS PROGRAM TOTAL, THE COMMISSION SAID, EXCLUDES THE COST OF SOURCE AND SPECIAL NUCLEAR MATERIALS--SUCH AS URANIUM, PLUTONIUM AND HYDROGEN MATERIALS--CONTAINED IN WEAPONS OR USED IN WEAPONS RESEARCH. OVER-ALL COST OF SUCH MATERIALS FOR BOTH MILITARY AND PEACEFUL USES, THE COMMISSION SAID, WAS \$731 MILLION IN 1960, COMPARED WITH \$713 MILLION FOR THE YEAR PREVIOUS. "ALTHOUGH THE TOTAL COST INCREASED," SAID THE REPORT, "THE UNIT COST OF PRODUCTION CONTINUED TO DECREASE IN 1960."

ON THE DEVELOPMENT OF NUCLEAR REACTORS FOR BOTH MILITARY AND PEACEFUL USES, THE AEC SAID IT SPENT \$399 MILLION IN 1960, COMPARED WITH \$355 MILLION IN 1959.

A BREAKDOWN OF THE OVER-ALL FIGURES SHOWS THERE WAS AN INCREASE IN OUTLAYS FOR CIVILIAN REACTORS--\$117,800,000 AGAINST \$105,300,000. THERE WERE INCREASES, TOO, FOR ARMY, MERCHANT SHIP, AND MISSILE PROPULSION REACTORS.

BUT THE OUTLAY FOR AIRCRAFT REACTORS DROPPED FROM \$71,800,000 IN 1959 TO \$69,700,000 IN 1960--AND THE FIGURE FOR NAVAL REACTORS DROPPED FROM \$90,600,000 TO \$88,800,000.

REGARDING EXPENDITURES FOR PHYSICAL RESEARCH, THE REPORT SAID \$132,845,000 WAS SPENT IN 1960--AGAINST \$112,318,000 THE YEAR BEFORE, AND ONLY \$30 MILLION AS RECENTLY AS 1951.

ON CONTROLLED THERMONUCLEAR RESEARCH--THE QUEST TO HARNESS THE H-BOMB REACTION FOR PEACETIME PURPOSES--THE COMMISSION SPENT \$32 MILLION IN 1960 AGAINST \$28 MILLION THE YEAR BEFORE.

THE REPORT SAID \$49 MILLION WAS SPENT ON BIOLOGY AND MEDICINE RESEARCH IN 1960 COMPARED WITH \$43 MILLION IN 1959.

END ADVANCE FOR 6:30 P.M. EST SUNDAY NOV. 6--SENT NOV. 5

RZ941PESNM

A68

(250)

NEW YORK, NOV. 6 (AP)--A STUDY PREPARED FOR THE U.S. ARMY SAYS THE UNITED STATES IN THE NEXT DECADE MAY FALL BEHIND THE SOVIET UNION AS A WORLD POWER, THE NEW YORK TIMES REPORTED TODAY.

IN A DISPATCH FROM WASHINGTON, THE TIMES GAVE THIS ACCOUNT: THE STUDY, PREPARED EARLY LAST SUMMER BY THE OPERATIONS RESEARCH OFFICE OF THE JOHNS HOPKINS UNIVERSITY, IS ENTITLED "THE COLD WAR ECONOMIC GAP--A THREAT OF INFERIORITY OF U.S. POWER."

IT SAYS THAT IF THIS COUNTRY PERMITS A GAP TO DEVELOP IN ITS COLD WAR OUTLAYS AND THOSE OF RUSSIA, THE UNITED STATES MAY BECOME A WORLD POWER INFERIOR TO THE U.S.S.R. WITHIN 10 YEARS.

THE STUDY SAYS THE UNITED STATES COULD PREVENT THIS GAP FROM DEVELOPING BY ACHIEVING A 25 PER CENT INCREASE IN ITS RATE OF ECONOMIC GROWTH, AND BY SPENDING MORE FOR DEFENSE.

THE ARMY, ACCORDING TO THE TIMES, SOUGHT PERMISSION LAST AUGUST TO MAKE THE REPORT PUBLIC, SINCE IT CONTAINED NO CLASSIFIED MATERIAL, BUT THE SECRETARY OF DEFENSE HAS DECLINED TO GRANT THE PERMISSION.

MURRAY SNYDER, ASSISTANT SECRETARY OF DEFENSE FOR PUBLIC AFFAIRS, WAS QUOTED AS SAYING THE ARMY DECIDED TO WITHDRAW THE REPORT, SINCE THE ARMY HAD NOT YET EVALUATED IT.

THE STUDY, THE TIMES SAYS, USES THE ADMINISTRATION'S PROJECTION OF AN ECONOMIC GROWTH RATE FOR THE SOVIET UNION OF 6 PER CENT A YEAR OVER THE NEXT DECADE AND OF 3 PER CENT ANNUALLY FOR THE UNITED STATES, IN DRAWING ITS CONCLUSIONS.

IT HOLDS THAT THE SOVIET GROSS NATIONAL PRODUCT WILL NOT CATCH UP WITH THAT OF THE UNITED STATES BY 1970, BUT SAYS THAT ALREADY RUSSIA

AND THE UNITED STATES BOTH ARE SPENDING ABOUT \$46 BILLION A

YEAR FOR DEFENSE, AND ADDS:

"IF THE U.S. AND THE U.S.S.R. CONTINUE TO BUDGET FOR DEFENSE IN ACCORDANCE WITH RECENT ALLOCATION PATTERNS, BY 1970 THE RESPECTIVE BUDGETS WOULD BE \$46 BILLION FOR THE U.S. AND \$72 BILLION FOR THE U.S.S.R."

WH/QR447PES 1960

A144CX

(170)

CHICAGO, NOV. 6 (AP)--DR. EDWARD TELLER, KEY FIGURE IN THE DEVELOPMENT OF THE HYDROGEN BOMB, SAID TODAY THE NATION'S CIVIL DEFENSE IS IN "SUCH A TRAGIC STATE OF UNPREPAREDNESS THAT WE ARE PRACTICALLY INVITING ATTACK."

TOO MANY AMERICANS, HE TOLD NEWSMEN, HAVE AN ATTITUDE THAT "ALL WE CAN DO IS THROW UP OUR HANDS, TAKE A SUICIDE PILL AND DIE."

ACTUALLY, HE SAID, MOST AMERICANS AND THE AMERICAN WAY OF LIFE CAN SURVIVE A NUCLEAR ATTACK IF CIVIL DEFENSES ARE PREPARED.

HE SAID THE UNITED STATES SHOULD CONSTRUCT SHELTERS "THAT PEOPLE IN CITIES CAN REACH ON FOOT IN 10 MINUTES." STOCKPILE IMPORTANT MATERIALS SUCH AS FOOD AND MACHINE TOOLS AND FORM A UNIT TO CLEAN UP ESSENTIAL AREAS AND KEEP ORDER.

TELLER SAID HE DOES NOT THINK AN ATTACK COULD WIPE OUT THE UNITED STATES' INDUSTRIAL CIVILIZATION BECAUSE "IT IS IN THE MINDS OF THE PEOPLE, IN THE SKILLS OF THE PEOPLE, IN THEIR KNOW HOW."

TELLER IS A PROFESSOR AT LARGE AT THE UNIVERSITY OF CALIFORNIA.
HE TOLD A MEETING OF PHYSICIANS THEY COULD RENDER INESTIMABLE
SERVICE BY LEARNING HOW TO TREAT RADIATION VICTIMS.

K913PCS

30.24-13393

End November 6, 1960